

Gender and ethnicity pay gap report

April 2022

Data has been extracted for this report
based on the snapshot date of 5 April 2022



Foreword

At Sovereign, our ambition is to become an employer of choice, which enables us to attract, recruit and retain the best people. We have made considerable progress on our Equality, Diversity, and Inclusion (EDI) journey, but we know there is more work to do.

The inclusion of our ethnicity pay gap and bonus data in this report is yet another step forward on this journey. It showcases our commitment to do better, and above all else, what we believe is right in pursuit of greater equality.

We continue to work hard to promote and support an inclusive culture at Sovereign. Our new company values will shape how we work and define what matters most to us. These values will be visible in everything we do - and help us to behave in a way which delivers the best outcomes for our colleagues and customers. We will connect with others to build strong and inclusive relationships, deliver what we say we will, take ownership and lastly, think creatively and invent when we need to find a solution.

Creating a diverse and gender balanced workforce is part of us putting these values into action. At its core, these values are about us wanting to become a more trusted, transparent and dependable

organisation. Both our values and the data in this report - which goes beyond the minimum legal reporting requirements for gender pay - showcases our commitment to treat all colleagues with fairness, dignity and respect.

While our latest data shows that our gender pay gap has increased this year to 5.8 per cent, our figures remain well below the national average reported by the Office for National Statistics (ONS). To help us focus on where we need to refocus our efforts, we have begun a review of our EDI strategy.

By reporting our pay gaps and listening to our colleagues about their experiences, we are improving our focus on diversity and inclusion in the most impactful areas. We'll continue to do this and use the outcomes from our upcoming review to make Sovereign an even better place to work.

Sally Hyndman
Chief People and Transformation Officer



Our pay gaps at a glance

Mean
gender
pay gap
5.8%

The mean pay for employees who identify as men is 5.8% higher than the mean pay for employees who identify as women.

Mean
ethnicity
pay gap
2.6%

The mean pay for employees who have identified as white is 2.6% higher than the mean pay for employees who have identified as from an ethnic minority background.

About Sovereign

Sovereign has been providing homes and services for more than 30 years and we're proud to be one of the largest housing associations in the country.

We employ over 2,100 people across the south of England, each with a wide range of expertise and experience.

Our ambition is to become a leading landlord which provides great homes in thriving and inclusive communities. To help us achieve this, we put our customers at the heart of everything we do.

We know that by having a workforce that's diverse, gender balanced and fairly paid we will be more reflective of the communities we serve. Working together, we'll also have a better understanding of our customers' needs, and what we need to do to meet their expectations.

Where there are opportunities to improve, we are clear that we will listen and act to help us become more customer focused and effective.



Understanding the terminology

The gender pay gap is the difference between the average pay of men and women. It is not the same as equal pay, which refers to the pay differences between men and women who do the same or very similar jobs.

The gender pay gap focuses on the difference in the hourly pay rates for men and women – and is expressed as a percentage of the male employee's hourly pay.

Equal pay is defined in the Equality Act 2010. It means men and women in the same organisation who carry out the same jobs, similar jobs or work of equal value must receive equal pay, unless there is a genuine material factor for the difference – for example, experience or performance.

Pay gap is the difference between the average earnings of one group, when compared with another. The pay gap is then expressed as a percentage of the first group's earnings.

Mean pay gap is the difference between the average earnings of two groups.

Median pay gap refers to the difference in hourly pay for two groups. The median pay gap is calculated by using the midpoints of the two groups' earnings.

Our gender pay gap has been calculated using the government's statutory methodology for gender pay gap reporting.

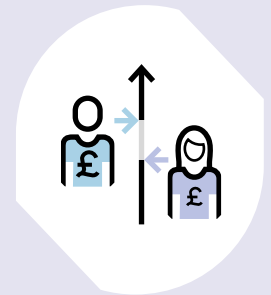
Data has been extracted for this report based on the snapshot date of 5 April 2022 and bonuses paid between 6 April 2021 and 5 April 2022.



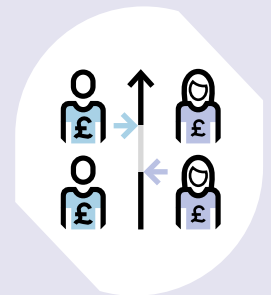
Equal pay



Pay gap



Mean pay gap



Median pay gap

Our gender pay gap

Why we have a gender pay gap

Like many organisations, we have a gender pay gap which we're working hard to address.

Our gender pay gap is small and driven by the makeup of our workforce – including how many men and women we employ. Our workforce is split as follows: 46% of our colleagues identify as female, and 54% identify as men.

We continue to have more women in the lower pay quartile and in part-time roles – who also tend to be in the lower pay quartile.

What the data means

In April 2022 our mean gender pay gap rose to 5.8% and the median rose to 5.4%. While the latest figures show that our gender pay gap has increased, the figure remains well below the UK average of 13.9% reported by the ONS.

The rise in both figures is partly attributable to the market pay review we carried out for colleagues in our 'trades' positions.

This review, which was then followed by a pay uplift for those in these positions had a larger and more significant impact on the average hourly rates for men. This is because most colleagues in our trades positions identify as male, drawing the average hourly rate for men working at Sovereign upwards.



Our gender pay gap

The difference in pay between men and women.

Year to	Mean (average)	Median (middle)
5 April 2022	5.8%	5.4%
5 April 2021	5.0%	3.5%
5 April 2020	1.7%	0.6%
National gender pay gap (ONS figures Oct22)	13.9%	14.9%

Our gender bonus pay gap

A negative percentage figure means that women have a higher bonus than men.

Year to	Mean (average)	Median (middle)
5 April 2022	19.5%	1.3%
5 April 2021	-23.4%	0%
5 April 2020	-40.6%	0%

Our latest data for the gender pay bonus gap shows a notable change in our mean gender pay bonus. Figures now put our gender pay bonus gap at 19.5%. This positive percentage, which is now in favour of men, is in contrast to our figures for the last three years. Our previous figures have produced a negative gender bonus gap, in favour of women. While our previous figures for reporting were in favour of women, they did not include a corporate bonus payment.

This shift in the data can be explained by our decision to award a corporate bonus. We took the decision to award a payment because we met our financial and customer satisfaction targets

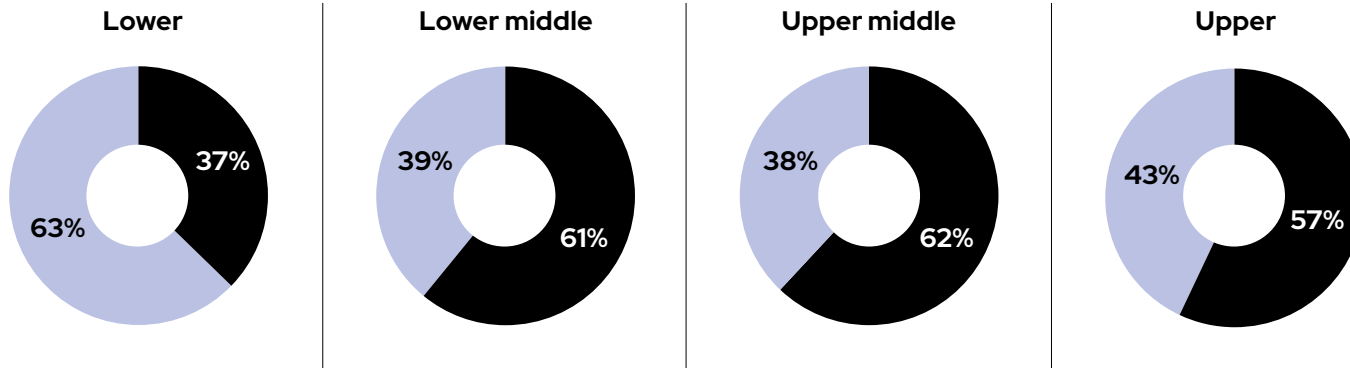
for the 2020/21 performance year. As a result, all eligible employees were awarded a bonus payment within the reporting period.

The number of male and female colleagues within our organisation also had an impact on the data. We awarded slightly more female (86%) than male (83%) colleagues this corporate bonus payment. Within our executive and senior leadership teams we have a higher representation of male colleagues. The current figures show that at this level we have 68% identifying as male, compared to 32% identifying as female, although we have clear aspirations to change this.

Proportion of men and women in each pay quartile as at 5 April 2022

■ Employees identifying as male

■ Employees identifying as female



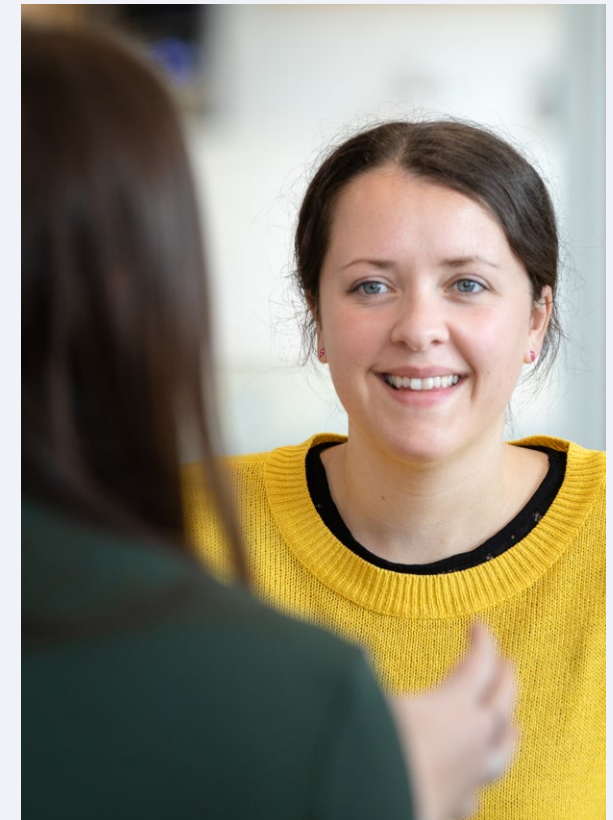
Change from last year

↑ There are 5% more females in the Lower quartile compared to 2021

○ There is no change to the gender proportions in the Lower middle quartile compared to 2021

↑ There are 7% more males in the Upper middle quartile compared to 2021

○ There is no change to the gender proportions in the Upper quartile compared to 2021



Displaying data in quartiles

Our gender pay quartiles are calculated by listing our employee earnings - from the lowest to the highest - and splitting them into four even groups, called quartiles. This allows us to calculate the proportion of men and women in each quartile and monitor the distribution of pay.



Aspire provides support for aspiring managers. It focuses on key elements of good management such as leadership, coaching within management, goal setting and supporting innovation and change.

Building our next generation of leaders

Natalie McMonagle Asset Investment Manager

Aspire is Sovereign's 12-month development programme which has helped me to go forward in my career. Since I've been at Sovereign I have worked across many teams. Starting in customer service, I then moved to our communities and housing teams – before finding my niche in asset management, where I currently manage a team of four.

It was my supportive line manager who first encouraged me to apply for the Aspire programme – and I'm so pleased she did.

Aspire provides support for aspiring managers. It focuses on key elements of good management such as leadership, coaching within management, goal setting and supporting innovation and change.

The course also looks at self-awareness and how to develop soft skills. By focusing on these aspects of management, it enables self-improvement, and develops an awareness of empathy for fellow members of staff. This is crucial to creating an inclusive workforce and breaking down any barriers

and misconceptions which may exist. It's something which has helped me to build positive relationships and manage my team well.

All employees taking part in the programme are matched with a mentor to help with their development. At the end of the 12 months, and once the course has been completed, employees are awarded an Institute of Leadership and Management qualification in Leadership and Team Skills.

Sovereign has always made sure there's a gender balance in terms of the candidates enrolling. This is all part of its aim to have the best mix of people, as we build our pipeline of future leaders and create a workforce that's more diverse and inclusive.

Aspire has had a profound impact on me and helped me to really understand what it takes to be a great manager. It's given me the opportunity to develop my leadership skills and put everything I have learnt into practice.

Our ethnicity pay gap

Why we have an ethnicity pay gap

Sovereign is committed to creating a workforce that's diverse. We value our colleagues, and we know they are our greatest asset. It is for this reason, and our desire to do what is right, that we are now reporting data on ethnicity and remuneration.

We have made good strides as part of our EDI journey, putting many of our ambitions and actions in our three-year EDI strategy into practice. The publication of data on our ethnicity pay gap and bonus gap is another step forward on this journey, showcasing our commitment to transparency and progress.

Our data shows that our mean ethnicity pay gap is 2.6% and the median ethnicity pay gap is 0.1%. These gaps can be explained by the lower representation of individuals who identify as ethnic minority at senior level. Within Sovereign, 94.3% of our colleagues identify as white, while 5.7% identify themselves as having an ethnic minority background. These figures are based on those that have declared their ethnicity.

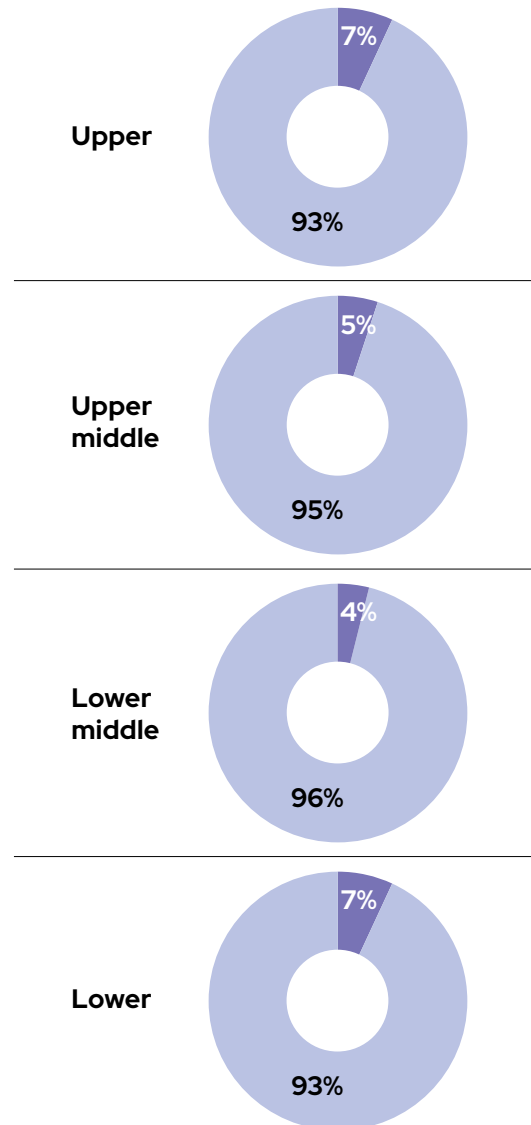
Our ethnicity bonus gap

The figures for our ethnicity bonus gap show that we have a mean ethnicity bonus gap of 30.8% and median ethnicity bonus gap of 0.0%. 86% of people who identified as white received a bonus, and 78% of those who identified as non-white received a bonus. This statistic is explained by the overall makeup of our workforce, as we have fewer individuals who identify as having an ethnic minority background at senior level.

Our median bonus gap is lower than our mean bonus gap because it is not affected by the upper quartile. This consists of senior staff within Sovereign who receive the highest bonuses.

Ethnicities in each pay quartile* as at 5 April 2022

- Employees identifying as white
- Employees identifying as from an ethnic minority background



“Reporting data on ethnicity and remuneration is such a positive step by the business in its commitment to create an environment that recognises the importance of inclusion and diversity.

This will encourage greater employer action, transparency and accountability. I feel encouraged and know this will open up the dialogue for the business to start understanding areas that have not previously been addressed. Reporting creates a benchmark of progress, and I look forward to seeing Sovereign’s EDI networks support the development of improvement action plans.”

Claudette Mhuri
Chair of the Caribbean, African and Asian Network

*See **Displaying data in quartiles** on page 5

How we're addressing our pay gaps

As part of our EDI strategy, we're committed to fairness and transparency. Our goal is to reduce our gender and ethnicity pay gaps and remove barriers to inclusion wherever they may exist.

While our gender and ethnicity pay gap is small, we are not complacent, and we have clear ambitions to go further and improve our approach.

We're working hard to make Sovereign an even better and more inclusive place to work.

Being clear on what matters to us

We have refreshed our company values. As part of this activity, we set out what Sovereign stands for and what our colleagues can expect from one another. Our four values of Own, Invent, Connect and Deliver will underpin how we work going forward and help to drive inclusive behaviours. They demonstrate our commitment to do what is right and embed this across our organisation.

Empowering our employee networks

We continue to support our five employee networks. Last year we worked closely with our Gender Network to communicate the latest Gender Pay Gap Report. The Chair of this network discussed the report via a podcast to employees.

We work closely with our Caribbean, African and Asian Network to help us celebrate diversity, including events such as Black History Month.

Sovereign continues to empower employees by promoting, supporting, and celebrating equality and changing attitudes with the help of our networks.

Normalising discussions about diversity

To help break down stigmas we've begun a programme to normalise workplace conversations about diversity. Our 'Let's talk about' sessions have focused on what we mean by intersectionality, race, gender and inclusive leadership. The feedback from our colleagues has been positive and helped us to understand where we need to focus our efforts to have the greatest impact.

Recruiting with an EDI focus

We began the rollout of a new approach to recruitment in September of last year. As part of this, 15 managers in our housing and tenancy teams took part in a workshop. This looked at the impact of bias in recruitment, how to break down barriers and overlook misconceptions.

We're now looking at how we can embed the findings from this trial more widely across our teams.

Supporting more women to work in our trades roles remains a priority. To help us achieve this, we continue to make sure that trades positions are promoted to women. In May 2022 we delivered a large recruitment drive for apprentices to join our trades team. We used this as an opportunity to promote and encourage women to consider those roles, using an advertising campaign to support our efforts.

Training our colleagues

We have established a good working relationship with Women into Construction over the last few years. In 2022 we delivered EDI training to our property services, senior leadership team and operating managers.

The purpose of this was to ensure that our trades team has a firm understanding of our ambitions and are able to help us meet our commitments to a diverse and inclusive workforce. We constantly keep our training under review, to understand how we can improve and support both our colleagues and customers.

Signing a new race charter

We signed up to the Social Housing Anti Racism Pledge initiative. This pledge is made up of social housing providers who are committed to developing action plans on anti-racism. Working together, signatories like Sovereign will adopt best practice to continue to become anti-racist in practice, their policy framework and operations.

Introducing a menopause guide

We've recently launched our menopause guide which sets out the support available to those who are menopausal or perimenopausal. This is to help us normalise conversations about the menopause - so employees feel comfortable having open discussions with their line managers and colleagues.

Continuing our approach to agile working

We continue to advertise all roles as supportive of flexible working; and remain committed to offering our people agile ways of working as widely as possible.

Supporting employee mentoring and skills development

Promoting our popular mentoring scheme widely across the business and improving transparency in our promotion, pay and reward processes remains a key objective.

We continue to focus on developing our future leaders through our management training programme Aspire. Increasing the representation of women and individuals who identify as coming from an ethnic minority background at senior level is important to us. Our Aspire programme is designed to help us achieve this.

The information contained within this Gender Pay Gap report is true and accurate and meets the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Sally Hyndman
Chief People and Transformation Officer



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